



U.S. Department of Justice

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Tax Division

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January 7, 2023

Via ECF

Honorable Peggy Kuo
United States District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: *United States v. Lax et al.*
No. 1:18-cv-4061 (E.D.N.Y.)

Dear Judge Kuo:

Pursuant to the Court's docket text order of December 6, 2022, the Plaintiff United States and Defendants 307 Hewes Realty Corp., 299 Hewes Street Realty Corp., Morris Schlager, Gitty Schlager, Joseph Green, Hannah Green, Henny Green, Hershi Green, Zlaty Schwartz, Ben Zion Jacobowitz, Toby Jacobowitz, KGK Jewelry LLC, Judith Lax and J.L. (a minor), and JBAM Realty LLC report on the status of issues to be discussed at the upcoming telephonic status conference in this case scheduled for January 10, 2023, at 11:30 a.m. The other Defendants did not participate in this report.

Regarding the 299-301 Hewes Street mediation, pursuant to the United States-Judith Lax settlement agreement, Judith Lax has a monthly payment obligation to the United States that began on December 1, 2022. Regarding the 307 Hewes Street mediation, the signed written settlement offer from Defendants 307 Hewes Realty Corp., Ben Zion Jacobowitz, and Toby Jacobowitz, is proceeding through the Tax Division formal approval process.

The United States' settlement discussions with Defendant JBAM Realty LLC regarding the claim against it alleged in Count 12 of the Amended Complaint (lien enforcement) are ongoing. The United States' settlement discussions with Intervenor Aron Lax regarding Count 12 are ongoing. The United States' settlement discussions with Defendant Zlaty Schwartz regarding all causes of action against her in the Amended Complaint are ongoing. The United States' settlement discussions with Defendants Moshe Lax and Zlaty Schwartz regarding certain claims in Count 12 are ongoing. With respect to the United States' settlement discussions with

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Defendant KGK Jewelry LLC regarding a claim in Count 12, the United States plans to revisit such discussions; otherwise it will inform the Court that the United States intends to proceed with the pending litigation as to these claims.

With respect to contempt proceedings regarding third-party witness Martin Ehrenfeld, after Judge Glasser granted the United States' motion for the issuance of a bench warrant for contempt, counsel for the United States received communications from an attorney representing Ehrenfeld in this case. Through Ehrenfeld's counsel, the United States recently received a production of documents from Ehrenfeld in response to the United States' subpoena. Counsel for the United States and Ehrenfeld are working toward an agreed date for a deposition of Ehrenfeld.

At the January 10, 2023, status conference, counsel for the United States intends to discuss whether the fact discovery cutoff of February 7, 2023, should be extended in light of further discovery arising out of the Court's recent decision on the United States' discovery motion regarding the Porzio law firm (Docket No. 343), the recent efforts described above to obtain document production through Ehrenfeld's counsel and to take Ehrenfeld's deposition, as well as to facilitate the ongoing efforts at settlement discussions described above.

Respectfully submitted,

/s/ Philip L. Bednar

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